

Discussion Draft for the EPA Philanthropic Engagement Workgroup – 3/4/15

EPA has an opportunity to work more strategically with philanthropic organizations whose missions, investment strategies, and priorities align with EPA's mission. In October 2014, a group of EPA staff from a diverse set of offices and regions convened to explore different ways that EPA might manage long-term relationships with foundations. Building on OCSPP's initial work in support of E3 and the Investing in Manufacturing Communities Partnership (IMCP), the group met with a variety of experts from foundations, affinity groups, and federal agencies. The next stage of workgroup activity is to assess what we have learned, develop some realistic options for EPA, and decide how to engage EPA leadership. This short paper is our summary of ideas and recommendations, which we hope will spark further discussion and action.

How Can EPA Work More Effectively with Foundations?

Workgroup purpose and goals

Explore new ways to . . .

- Foster a sustained and more strategic engagement between EPA and the philanthropic community
- Leverage existing and future collaboration and investments of each party to advance EPA's mission faster than would otherwise occur
- Promote partnerships opportunities that expand the scale and scope of philanthropic investments into projects that measurably advance EPA's mission
- Explore new kinds of public-private collaboration as one model for how American communities can improve public health and the environment

Workgroup members

The workgroup consists of a diverse set of participants from a wide variety of offices, including: OECA/OEJ, ORD, OCSPP, AO/OP, OAR, OSC, OW, OSWER, as well as R1 and R9. (See Attachment 1)

Organizations and agencies we've consulted for their input and advice

The workgroup met with a variety of organizations and federal agencies that are interested in new kinds of partnerships between government and foundations, including the Council on Foundations, HUD's Office for International and Philanthropic Innovation, the Environmental Grantmakers Association, The Funders' Network, the Department of Education's Office of Strategic Partnerships, and USDA's Rural Development.

Key findings and proposed guiding principles

1. Role of foundations – Foundations can be influential players on environmental and health issues with substantial convening and spending power. EPA needs to figure out how to work with different kinds of foundations. (Attachment 2)
2. Many foundations fund community-level projects – EPA should explore how to work with Community foundations, which have valuable local knowledge & regional network, and are potential strategic partners for EPA's place-based work, e.g. Sustainable Communities, SC2, E3, IMCP. (Attachment 3)
3. EPA lacks an Agency-wide way to work with foundations – There is a small (but growing) set of successful examples of EPA working directly with the philanthropic community; however, these EPA/foundation relationships largely occur through project-specific relationships rather than strategic, sustained, and dynamic collaboration. (Attachment 4)
4. High interest from foundations – The philanthropic community is enthusiastic about engaging more strategically with EPA and sees mutual benefits that better collaboration could yield.
5. Lessons from other agencies – Many federal agencies have formalized their approach to partnering with foundations; EPA can learn from these experiences. (Attached – USC report reviewing how Federal agencies work with foundations)
6. Shared goals – EPA's top priorities are also active interest areas for foundations (e.g., climate, sustainable communities, environmental justice, stormwater and Brownfields); many opportunities for cooperative efforts.
7. Substantial interest across EPA – Workgroup membership and participation illustrates broad interest across EPA programs and regions for a collective sustainable strategy for EPA's work with foundations.
8. Legal issues – We need to fully understand EPA statutory authorities regarding work with foundations and will seek guidance from EPA legal and policy experts. (Attachment 5)

Recommendations and Options for Discussion

Recommendation: The workgroup recommends a more planned and strategic approach for how EPA works with foundations, bolstered by the receptivity of the philanthropic community and clear opportunities to align project interests for maximum benefit. A small investment is likely to yield big impacts that can advance the Administrator's priorities (e.g. One EPA, vitality of the workplace, making a visible difference in communities, focusing on results, etc.) in creative new ways.

Three options: There are a variety of approaches to consider for how EPA could work more effectively with foundations. Below are three options that are based on successful experiences in other federal agencies. Although presented as stand-alone ideas – an ideal approach for EPA might include elements of each of the options (i.e., a person or group with leadership responsibility, increasing internal expertise, and targeting areas of interest to EPA and foundations).

1. Set up a small, dedicated group that reports to a senior EPA leader

Idea: EPA would create a full-time team, perhaps 2-5 people, to:

- Develop relationships with foundations
- Help coordinate high-level, priority EPA-foundation partnership activities
- Build depth of experience and understanding to accurately advise

What would it look like? EPA would select a person to lead a group to be housed somewhere in the agency and modeled after successful offices in other agencies.

Pros/cons:

- + Most federal agencies have established offices; can benefit from these experiences to avoid pitfalls
- + Would strengthen long-term relationships, and build necessary trust and experience with foundations
- + Send clear signal about EPA commitment to collective impact strategies – internal & external audience
- Takes time to set up
- May be difficult to achieve internal agreement
- Depending on where the group sits, may be turf issues

2. Build EPA capacity

Idea: EPA staff would learn how to work with foundations more effectively, leverage EPA funds, and create partnerships that achieve measurable EPA outcomes.

What would it look like? EPA would host trainings, develop how-to documents, produce a website for internal discussion, and share examples of successful collaborations and outcomes. This option could include a network of key people as resources or perhaps a community of practice.

Pros/cons:

- + Can be achieved relatively quickly with minimal issues (Does not raise legal/FTE issues)
- + Likely to produce clear outcomes & needed support, and result in large number of smaller projects
- + A good way to draw on existing resources and talent within EPA
- + Fewer potential turf issues (offices and regions manage relationships with foundations)
- Does not develop high-level, long term relationships with the philanthropic community
- May not be as effective for large partnership efforts that require Administrator-level involvement
- Decentralized approach relies on self-education and buy-in from many people and organizations

3. Focus on issues

Idea: Senior EPA leaders would identify high impact issues of mutual interest with foundations and organize a sustained EPA effort to address them through partnerships.

What would it look like? EPA would identify the highest value areas (and gaps) and organize a formal set of targeted activities to address a specific set of issues (e.g. community-level work). These activities would be built around the resources and strengths of both EPA and their partner foundations.

Pros/cons:

- + Could be implemented relatively quickly
- + Would produce fast, visible results
- + The groundwork is already set
- Might not lead to larger, institutional learning
- Might not translate to future projects
- Does not build broad capacity across diverse EPA activities

Attachment 1

Foundations Working Group Roster

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Attachment 2

Foundations 101: Fact sheet

What is a foundation?

- An entity recognized as a Section 501(c)(3) organization
- Principal purpose is to support unrelated organizations, institutions, or individuals
- For scientific, educational, cultural, religious, or other charitable purposes
- Common characteristics:
 - o Nongovernmental, nonprofit organizations
 - o Managed by their own trustees/directors
 - o Motivated by charitable intent

What are the main types of foundations?

- Private foundations
 - o Funded by a single, principal fund or endowment; independent grantmaking or operating
 - o Maintains or aid charitable, educational, religious, or other activities serving the public good
 - o Three types of private foundations:
 - **Independent or Family foundations** - receive endowments from individuals or families
 - **Company-Sponsored or Corporate foundations** - receive funds from their parent companies, although they are legally separate entities.
 - **Operating foundations** run their own programs and services and typically do not provide much grant support to outside organizations.
- Public foundations
 - o Funded by many sources, must continue to seek money from diverse sources in order to retain its public charity status; independent grantmaking or operating
 - o Operates grants programs benefiting unrelated organizations or individuals as one of its primary purposes
 - o Three examples of the many types of public foundations:
 - **Community foundations** - their grants primarily support the needs of the geographic community or region in which they are located. Due to broad public support, the IRS does not consider these to be private foundations. See Attachment 3.
 - **Other public foundations** - Health-funding foundations, women's foundations, etc.

Quick facts on foundations in the US

- US foundations are primarily private “non-operating” organizations (89%), followed by operating (6%), corporate (3.6%), and community (1%).
- US foundations have \$622 billion in assets, expending \$49 billion in grants in 2011 and \$50.9 billion in grants in 2012.
- Of the roughly \$300 billion given in donations in 2011, individuals gave the majority (73%), followed by foundations (14%), bequests (8%), and finally corporations (5%).

What influences foundations' work?

- Political and economic turbulence; e.g. recessions and tax reform
- Information age drivers: a rise in personal philanthropy and increased visibility of philanthropy
- Growth of community foundations across the globe

What is an affinity group?

Also called networking groups, affinity groups provide forums for organizations and foundations with similar interests and goals to collaborate, share resources, and maximize their impact.

An example of an affinity group that is relevant to EPA is the Environmental Grantmakers Association, which serves over 200 foundations from North America and around the world. EGA members' contributions in 2012 represented 38% of the US environmental philanthropic community and built upon EGA's mission to create a world with healthy, equitable, and sustainable ecosystems, communities, and economies.

- Other relevant regional affinity groups: The Council on Foundations, The Funders' Network, The Sustainable Agriculture and Food Systems Funders, The Association of Small Foundations, The Foundation Center, The Forum of Regional Associations of Grantmakers

Attachment 3

Community foundations & their significance to EPA

What is a community foundation?

A community foundation is a tax-exempt, autonomous, publicly supported, nonsectarian philanthropic institution with a long-term goal of building permanent, named component funds established by many separate donors to carry out their charitable interests and for the broad-based charitable interests of and for the benefit of residents of a defined geographic area.

Why are community foundations good partners?

Community foundations have:

- Awareness of local government and nonprofit capacity for projects because of their experience in grantmaking and providing technical assistance
- Track record of building funder partnerships, project partnerships, and acting as a neutral convener
- Knowledge of local politics, stakeholders, and community dynamics
- Ability to be nimble grantmakers
- Understanding of past projects and community's level of excitement, tolerance, fatigue

How can EPA build relationships with community foundations?

- Locate the community foundation in communities of interest using the Council on Foundation's tool: [HYPERLINK "<http://www.cfstandards.org/community-foundation-locator>"][HYPERLINK "<http://www.cfstandards.org/community-foundation-locator>"]
- Proactively include them in EPA stakeholder interviews
- Discuss project funding gaps and determine whether their board is interested in focusing grant dollars on a cross-sector partnership
- Share EPA findings from stakeholders and our analysis of priority projects and investments that will make an impact in their community
- Help them navigate federal grants and related resources (to the extent possible)
- Touch base with them for a "barometer" read about the community as EPA continues the work

What are the benefits of working with community foundations?

- Demonstrate the powerful, unique role of philanthropy in communities
- Affirm the community foundation's position as a hub/catalyst for place-based social change and coordinated action locally
- Foster cross-sector dialogue and projects demonstrating the power of community philanthropy
- Equip place-based leaders with innovative thinking models, and tools

Attachment 4

Examples of successful collaborations between EPA and foundations – 2/27/15

Economy, Energy, and Environment (E3) – EPA offers technical assistance to help communities, manufacturers, and manufacturing supply chains adapt and thrive in today's green economy. Some E3 communities reach out to foundations for additional technical support or to leverage additional funds.

Example: *New Orleans, LA* – This E3 city partnered with the Hilton and Harvard Foundation to support its programs.

Example: *Detroit, MI* – In 2012 this E3 city leveraged a coalition of foundations to put up 1/3 of the cost for projects.

Climate Showcase Communities – EPA supports local governments and tribal nations pilot innovative, cost-effective and replicable community-based greenhouse gas reduction projects. Some communities choose to team up with foundations to maximize the benefits of their programs.

Example: *Home Energy Affordability Loan Program – Clinton Climate Initiative of Arkansas: Little Rock, AK, 2012*. The City of Little Rock has partnered with this foundation's Climate Initiative to continue development of the Home Energy Affordability Loan (HEAL) program for home auditing and retrofitting.

Great Lakes Shoreline Cities Green Infrastructure Grants – In 2014, EPA announced a second round of awards to fund green infrastructure projects that will improve Great Lakes water quality. Some grant recipients use EPA's initial funding as leverage in soliciting more funds.

Example: *Detroit, MI* – In 2014 Detroit leveraged funding from the ERB Family Foundation and the Kresge Foundation to match EPA funding.

Community Action for a Renewed Environment (CARE) – EPA provides financial and technical assistance to CARE communities through a competitive grant program. Many CARE communities strategically partner with a foundation for additional support in achieving their goal of reducing toxic pollution.

Example: *South Atlanta for the Environment (SAFE) Coalition – Atlanta, GA, 2010*. This community partnered with the Annie E. Casey Foundation. This foundation acted as part of a larger coalition to help identify and reduce exposure to hazards for the South Atlanta community.

Rockefeller Philanthropy Advisors (RPA) – EPA has signed a formal agreement with the Rockefeller Philanthropy Advisors, a non-profit spun off of The Rockefeller Foundation, charged with sponsoring the 100 Resilient Cities (100RC) Challenge. RPA has organized the Challenge framework and established a Platform of Tools and Services. EPA is a Technical Partner to the 100 Resilient Cities Challenge, offering expertise, science tools and best practices to strengthen resilience of participating cities.

Example: *100 Resilient Cities – International, 2014*. A broad agency MOU with the Rockefeller 100 Resilient Cities Challenge to share sustainability, science, and best practices to build resilience and adapt to climate change. EPA was officially announced as a Technical Partner to the 100RC in December 2014. EPA is currently working with participating US cities, and discussions are underway on international engagement.

Non-profit EPA Grant Awards – EPA gives many of the awards to organizations that include “foundation” in their title, but are not necessarily philanthropic. These organizations receive money from EPA and distribute the funds into their related programs. EPA keeps an updated record of all awards given to non-profits here: [[HYPERLINK](http://yosemite.epa.gov/oarm/igms_egf.nsf/Reports/Non-Profit+Grants?OpenView) "http://yosemite.epa.gov/oarm/igms_egf.nsf/Reports/Non-Profit+Grants?OpenView"].

Example: *Clean Diesel Assistance Program - American Recovery and Reinvestment Act – Baton Rouge, LA, 2014*. The Railroad Research Foundation is requesting funding to repower locomotives for the city of Baton Rouge. While the locomotives are subject to EPA emissions regulations, none have been rebuilt and consequently have uncontrolled emissions.

Attachment 5

Relevant statutory authorities to establish public and private partnerships

Section 2 of the National Environmental Education Act [20 U.S.C 5501] – "(8) The Federal Government, acting through the Environmental Protection Agency, should work with local education institutions, State education agencies, not-for-profit educational and environmental organizations, noncommercial educational broadcasting entities and private sector interests to support development of curricula, special projects and other activities, to increase understanding of the natural built environment and to improve awareness of environmental problems."

Section 3 Definitions. (6) "not-for-profit" organization means and organization, association or institution described in sections 501(c)(3) of the Internal Revenue Code of 1986, which is exempt from taxation pursuant to the provisions of section 501(a) of such Code.

Section 6604(b) of the Pollution Prevention Act – "(5) facilitate the adoption of source reduction techniques by businesses. This strategy shall include the use of the Source Reduction Clearinghouse and State matching grants provided in this subtitle to foster the exchange of information regarding source reduction techniques, the dissemination of such information to businesses, and the provision of technical assistance to businesses. The strategy shall also consider the capabilities of various businesses to make use of source reduction techniques."

Attachment 6

Best Practices for Federal Agency – Foundation Partnerships

1. Convene quarterly meetings with interested philanthropic groups to discuss the Agency's current priorities and consider possible collaborations along shared goals. Example: Department of Education
2. Work with the Council on Foundations as a resource to connect with communities. Example: USDA
3. Hire new staff with experience working within the philanthropic sector to gain insights on foundations' perspectives on federal partnerships.
4. Develop joint-grant partnerships in which EPA and a foundation contributes funds independently to a common cause to maximize the benefits of Agency's spending.
5. Coordinate side-by-side activities in which EPA and a foundation support a common cause through funding and/or in-kind contributions, i.e. resources, trainings, staff support.
6. Ask foundations to act as conveners and invite EPA to join the conversation; especially important in areas where local trust in the government may be low.
7. Earn the interest/support of senior level staff to motivate the entire Agency; draws in participation/commitment from the Agency as well as foundations.
8. Depoliticize foundations' work to get maximum buy-in and long-term support from the Agency.
9. Choose 5-10 EPA activities then identify three ways that the philanthropic sector could get involved; educate foundations on EPA's goals and see where there may be overlap. Example: USDA
10. It is important to select the most effective type of engagement:
 - a. Gift
 - b. Co-Sponsorship (specific event or project)
 - c. Aligned Funding (grant given to an intermediary)
 - d. Match Funding (private sector match requirement for grant eligibility)
 - e. Pooled Funding (manage multi-donor funding)
 - f. Transfer of Ownership (hand off government initiative to private sector entity)

Attachment 7

Public Private Partnership Offices within the Federal Government

According to a USC report (attached) –

“Nearly half of the federal partnerships offices are located in domestic departments or programs with the remaining offices evenly divided between national security or emergency response and international development. Most of the offices in our study partner in some capacity with business (16), more than half work with philanthropy (13), and almost half work with both sectors (10).” See Figure 3, pgs. 12-13.

- USAID’s Global Development Alliance
 - Created in 2001
 - Located in the Global Development Lab
 - A partnership is considered a GDA when it meets the following criteria:
 - At least 1:1 leverage (cash and in-kind) of USAID resources;
 - Common goals defined for all partners;
 - Jointly-defined solution to a social or economic development problem;
 - Non-traditional resource partners (companies, foundations, etc.);
 - Shared resources, risks and results; and
 - Innovative, sustainable approaches to development.
 - There is also the Global Partnerships Team that builds partnerships in several cross-cutting areas to advance USAID’s priorities, i.e. Entrepreneurship & Impact Investing; Diaspora Engagement; LGBT Engagement; Women’s Economic Empowerment, and Inclusive Business Models.
- Department of Education’s Office of Strategic Partnerships
 - Formed at the direction of Secretary Arne Duncan
 - Had worked closely with both philanthropy and business as head of Chicago Public Schools
 - Saw the value of partnering with other sectors as extending beyond financial resources to new ideas, building capacity, implementing policy
- Department of State’s Office of Global Partnerships
 - Launched in 2009
 - Initiated and formalized by Condoleezza Rice
 - When Secretary Clinton arrived, the office was elevated to the executive level
 - Office reports directly to the Secretary
 - Special Representative for Global Partnerships: Andrew O’Brien
- HUD’s Office for International and Philanthropic Innovation
 - Initiated at the urging of a senior staff member who had spent a career in philanthropy; took idea to the Secretary and together they developed the office
 - Located within the Office of Policy Development and Research
 - Director: Kris Pierre
- NASA’s Innovative Technology Partnerships Office
 - Spurred by Obama’s directive (in 2011) to accelerate technology transfer and commercialization of federal research
 - Three core program areas:
 - Technology transfer
 - SBIR/STTF
 - Partnerships
 - Office chief: Nona Cheeks